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THE HONORABLE PAUL B. SNYDER  
Chapter 11

February 20, 2009

MARK L. HATCHER  
CLERK U.S. BANKRUPTCY COURT  
WESTERN DISTRICT OF WASHINGTON  
AT TACOMA

           DEPUTY

UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF WASHINGTON  
AT TACOMA

In Re: ) NO. 08-40599  
EQUA-CHLOR, LLC, )  
Debtor. ) ~~PROPOSED~~ ORDER CONFIRMING PS  
PLAN OF REORGANIZATION

Equa-Chlor, LLC, debtor and debtor-in-possession in the above-captioned case (the "Debtor"), filed with this Court its voluntary petition for relief under Chapter 11 of Title 11, United States Code, 11 U.S.C. §§ 101 et seq. (the "Bankruptcy Code") on February 15, 2008 (the "Petition Date"). The Debtor (the "Plan Proponent"), filed its Plan<sup>1</sup> [Docket No. 396] and the Disclosure Statement [Docket No. 347] on November 20, 2008.

This Court entered an order on December 19, 2008 (1) approving the Disclosure Statement as containing "adequate information" pursuant to Section 1125 of the Bankruptcy Code; (2) setting January 22, 2009 as the date by which all ballots (the "Ballots") were to be

<sup>1</sup> Capitalized terms not defined herein shall have the meaning ascribed to such term in the Plan.

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1 submitted to accept or reject the Plan (the "Voting Deadline"); (3) fixing January 22, 2009 as  
2 the last day for creditors and other parties in interest to file objections to confirmation of the  
3 Plan (the "Objection Deadline"); and (4) scheduling a hearing to consider confirmation of the  
4 Plan (the "Confirmation Hearing") for Thursday, January 29, 2009. The Confirmation  
5 Hearing was continued by the Court to February 19, 2009 at 10:30 a.m. (Pacific Time). On  
6 February 17, 2009, the Debtor moved to modify the Plan pursuant to the First Amended Plan  
7 of Reorganization (the "Plan").

8 NOW, THEREFORE, based upon the entire record of the Confirmation Hearing and  
9 the record in the Bankruptcy Case, and the Court being fully advised;

10 IT IS HEREBY FOUND AND DETERMINED THAT:

11 A. Exclusive Jurisdiction; Venue; Core Proceeding (28 U.S.C. §§ 157, 1334,  
12 1408 and 1409). This Court has jurisdiction over the Bankruptcy Case pursuant to 28 U.S.C.  
13 §§ 157 and 1334. Confirmation of the Plan is a core proceeding under 28 U.S.C. § 157(b)(2)  
14 and this Court has exclusive jurisdiction to determine whether the Plan complies with the  
15 applicable provisions of the Bankruptcy Code and should be confirmed. The Debtor is  
16 eligible for relief under section 109 of the Bankruptcy Code. Venue is proper before this  
17 Court pursuant to 28 U.S.C. §§ 1408 and 1409. Venue in the Western District of  
18 Washington, Tacoma was proper as of the Petition Date and continues to be proper.

19 B. Judicial Notice. This Court takes judicial notice of the docket of the  
20 Bankruptcy Case maintained by the Clerk of the Court or its duly appointed agent, including,  
21 without limitation, all pleadings and other documents filed, all orders entered, all evidence  
22 and arguments made, proffered, or adduced at the hearings held before this Court during the  
23 pendency of the Bankruptcy Case, and of the claims register and proofs of claim maintained  
24 by the Clerk of the Court.

25 C. Transmittal and Mailing of Materials, Notice, Solicitation. The Disclosure  
26 Statement and Ballots were transmitted and served in compliance with the Bankruptcy Code,

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1 the Bankruptcy Rules and applicable nonbankruptcy law. Such transmittal and service were  
2 adequate and sufficient. Adequate and sufficient notice of the Confirmation Hearing was  
3 given in compliance with the Bankruptcy Code and the Bankruptcy Rules and no other or  
4 further notice is or shall be required. Votes for acceptance and rejection of the Plan were  
5 solicited in good faith and such solicitation complied with sections 1125 and 1126 of the  
6 Bankruptcy Code, Rules 3017 and 3018 of the Bankruptcy Rules, all other applicable  
7 provisions of the Bankruptcy Code, and all other applicable rules, laws, and regulations.

8 D. Notice. Notice of the Confirmation Hearing, Voting Deadline, and the  
9 Objection Deadline was provided to creditors, Holders of Interests, and other parties in  
10 interest in conformance with Rule 2002, 3017, and 3020, as evidenced by various affidavits  
11 of service filed with this Court. The Court further finds that notice of the Confirmation  
12 Hearing and other bar dates and hearings was given in compliance with the Bankruptcy Rules  
13 and that such notice was reasonable, adequate and sufficient in all respects and that no other  
14 or further notice is or shall be required.

15 E. Tabulation of Acceptances. Upon the Ballot Summary and Preconfirmation  
16 Report filed with this Court by the Debtor on January 26, 2009 (the "Ballot Summary"), the  
17 Debtor certified that it received the requisite acceptances both in number and amount from  
18 certain classes of creditors for confirmation of the Plan as required under section 1126 of the  
19 Bankruptcy Code. As evidenced by the Ballot Summary and based upon the record before  
20 the Court, the tabulation of acceptances and rejections of the Plan by the Plan Proponent and  
21 its counsel was accomplished in a proper, fair, and lawful manner in accordance with all  
22 applicable sections of the Bankruptcy Code, and all applicable sections of the Bankruptcy  
23 Rules. Ballots were properly transmitted to holders of Claims in Classes 1, 2, 5, and 7 (the  
24 "Voting Classes"). The Plan Proponent solicited votes for the Plan from the Voting Classes  
25 in good faith and in a manner consistent with the Bankruptcy Code. As of the date of the  
26

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1 Ballot Summary, creditors entitled to vote to accept or reject the Plan voted in the numbers  
2 and percentages stated in the Ballot Summary.

3 F. Objections. The only objection to confirmation of the Plan was filed by John  
4 Berman ("Berman"). Berman's objection was rendered moot when Berman was paid in full  
5 from the sale of the collateral securing his Class 5 Claim, pursuant to a Stipulated Order  
6 dated February 2, 2009. Based on the sale of the collateral and the payment of the Claim,  
7 Berman is deemed to have accepted the Plan and is not entitled to vote on the Plan pursuant  
8 to section 1126 because his Claim is unimpaired. Accordingly, the Plan attached as Exhibit  
9 "A," removes the proposed Class 5 payments to Berman.

10 G. Burden of Proof. The Plan Proponent has met its burden of proving the  
11 elements of sections 1129(a) and (b) of the Bankruptcy Code by a preponderance of the  
12 evidence.

13 H. Plan Compliance with the Applicable Provisions of the Bankruptcy Code (11  
14 U.S.C. § 1129(a)(1)). As set forth below, the Plan complies with the applicable provisions of  
15 the Bankruptcy Code, thereby satisfying section 1129(a)(1) of the Bankruptcy Code.

16 1. Proper Classification of Claims and Interests (11 U.S.C. §§ 1122 and  
17 1123(a)(1)). In addition to Administrative Expense Claims and Priority Tax Claims, which  
18 need not be classified, Article II of the Plan designates eight Classes of Claims and one Class  
19 of Interest. The Claims or Interests placed in each Class are substantially similar to other  
20 Claims or Interests, as the case may be, in such Class. Valid business, factual, and legal  
21 reasons exist for separately classifying the various Classes of Claims and Interests created  
22 under the Plan, and such Classes do not unfairly discriminate among Holders of Claims or  
23 Interests. Thus, the Plan satisfies sections 1122 and 1123(a)(1) of the Bankruptcy Code.

24 2. Specification of Unimpaired Classes (11 U.S.C. § 1123(a)(2)).  
25 Articles II and III of the Plan designate Classes 3, 4, 5 and 6 as not impaired, thereby  
26 satisfying section 1123(a)(2) of the Bankruptcy Code.

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1                   3.     Specification of Treatment of Impaired Classes (11 U.S.C.  
2     § 1123(a)(3)). Articles II and III of the Plan designate Classes 1, 2, 5, 7 and 8 as Impaired  
3     under the Plan and specify the treatment of Claims and Interests in those Classes, thereby  
4     satisfying section 1123(a)(3) of the Bankruptcy Code.

5                   4.     Equal Treatment Within Classes (11 U.S.C. § 1123(a)(4)). Article III  
6     of the Plan provides for the same treatment by the Plan Proponent for each Claim or Interest  
7     in a particular Class unless the Holder of a particular Claim or Interest in such Class has  
8     agreed to a less favorable treatment of its Claim or Interest, thereby satisfying  
9     section 1123(a)(4) of the Bankruptcy Code.

10                  5.     Implementation of Plan (11 U.S.C. § 1123(a)(5)). The Plan provides  
11     adequate and proper means for implementation of the Plan, including, without limitation:

12                   a.     *Substantive Consolidation*. On the Effective Date, the  
13     EC/ECM Substantive Consolidation shall be deemed to have occurred such that all Assets of  
14     ECM shall be deemed fully consolidated with the Assets of the Debtor, and all the liabilities  
15     of ECM shall be deemed fully consolidated with the liabilities of the Debtor. ECM's Assets  
16     shall be deemed owned by the Debtor, and the Holders of Claims constituting liabilities of  
17     ECM shall be deemed the Holders of Claims against the Debtor. Such substantive  
18     consolidation shall relate back to, and be effective as of, the Petition Date. Avoidance  
19     Actions of ECM shall be waived as of the Effective Date.

20                   b.     *Restructuring Transactions*. As soon as is practicable after  
21     entry of the Confirmation Order, Equa-Chlor, LLC shall form Equa-Chlor, Inc. in  
22     compliance with the laws of the State of Delaware governing the formation of corporations  
23     and shall file articles of incorporation, adopt by-laws, and prepare to distribute the Shares of  
24     Equa-Chlor, Inc. in accordance with the Restructuring Transactions, and shall take all other  
25     Equa-Chlor, Inc. in accordance with the Restructuring Transactions, and shall take all other  
26

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1 steps necessary to establish Equa-Chlor, Inc. as a Delaware corporation in good standing  
2 with Equa-Chlor, Inc. to be the Reorganized Debtor for all purposes under the Plan. On the  
3 Effective Date, the following transactions (together with the formation of Equa-Chlor, Inc.,  
4 the "Restructuring Transactions") shall be effectuated in the following order:

5 (aa) The Debtor shall contribute the Debtor's Assets  
6 (including the ECM Affiliate Assets, but excluding the Class 7 Fund – other than the  
7 \$100,000 that will be contributed by the Reorganized Debtor on behalf of Parsons pursuant  
8 to Section 6.2(c)(iii) of the Plan and any other cash to be distributed by the Debtor, in  
9 contrast to the Reorganized Debtor (the "Distributable Cash Amount")), on the Effective  
10 Date in accordance with the Plan to the Reorganized Debtor in exchange for (i) Prudential  
11 EC Shares, (ii) Parsons EC Shares, (iii) the Prudential Plan Note, (iv) the Parsons Plan Note,  
12 and (v) Parsons Installment Obligation. Upon such contribution of such Assets, such Assets  
13 of the Debtor and ECM shall vest in the Reorganized Debtor;  
14

15 (bb) The Reorganized Debtor shall (i) issue the Management  
16 EC Shares to certain management employees as determined in accordance with Section 6.4  
17 of the Plan, and (ii) issue the Independent Director EC Shares to the independent director of  
18 the Reorganized Debtor in accordance with Section 7.2 of the Plan;  
19

20 (cc) Simultaneously, the Debtor shall:

21 (i) transfer the Prudential EC Shares and Prudential Plan Note to  
22 the Holders of the Class 1 Claim in full satisfaction of their Claim; and  
23

24 (ii) transfer the Parsons EC Shares, Parsons Plan Note, and Parsons  
25 Installment Obligation to the Holders of the Class 2 Claim in full satisfaction of their  
26 Claim; and

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1 (iii) The Reorganized Debtor shall pay the First Installment of the  
2 Parsons Installment Obligation, with \$100,000 of such payment to be made to the  
3 Debtor on behalf of Parsons and added to the Class 7 Fund as described in Sections  
4 3.2(c) and 3.7(b) of the Plan.

5 c. *Waiver of Avoidance Actions.* All Avoidance Actions  
6 (including the Avoidance Actions of ECM substantially consolidated with the Avoidance  
7 Actions of EC pursuant to the EC/ECM Substantive Consolidation) shall be deemed waived,  
8 released and forever discharged as of the Effective Date.

9 d. *Compensation and Retention of Management Employees.* As  
10 an inducement to remain as management employees of the Reorganized Debtor, the  
11 Reorganized Debtor's board of directors shall distribute in accordance with the Restructuring  
12 Transactions, the Management EC Shares to such management employees of the  
13 Reorganized Debtor as the board of directors shall determine.

14 e. *Reorganized Debtor Capital Structure.* The Reorganized  
15 Debtor shall be the borrower under the Revolving Credit Agreement, the proceeds of which  
16 shall be used to fund the payments of Cash required under the Plan and in the businesses  
17 operations of the Reorganized Debtor. In connection with this loan, the Reorganized Debtor  
18 shall execute and deliver to Prudential the Revolving Credit Note and such other instruments,  
19 agreements and documentation as may be required to document the loan. In addition, the  
20 Reorganized Debtor shall execute and deliver the Parsons Plan Note and the Prudential Plan  
21 Note to the Debtor, and which shall be then transferred to Parsons and Prudential,  
22 respectively, in accordance with Section 6.2 of the Plan. It shall also make the payments of  
23 Cash required to be made to Parsons pursuant to the Parsons Settlement Agreement (as  
24  
25  
26

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1 modified in the Plan). The Reorganized Debtor shall be deemed to have fully assumed, and  
2 shall be fully responsible and liable for, the Plan obligations of the Debtor under the Parsons  
3 Settlement Agreement (as modified in the Plan). In furtherance of this debt structure, and to  
4 insure the relative priorities of the Claims of Prudential and Parsons against the Reorganized  
5 Debtor, the Reorganized Debtor, Prudential and Parsons may enter into such intercreditor,  
6 collateral agency or similar agreements as they may deem reasonable and necessary.  
7

8 **f. Effectuating Documents/Further Transactions.** The Debtor,  
9 the Reorganized Debtor and its officers and designees are authorized to execute, deliver, file,  
10 or record such contracts, instruments, releases, indentures, and other agreements or  
11 documents, and take such actions as may be necessary or appropriate to effectuate and  
12 further evidence the terms and conditions of the Plan or to otherwise comply with applicable  
13 law including, but not limited to actions to seek the transfer of the Debtor's interests in  
14 permits, licenses and other governmental approvals to the Reorganized Debtor.  
15

16 **g. Marketing and Sale of Chlor-Alkali Facility.** Following the  
17 Effective Date, the Reorganized Debtor shall take all steps necessary to install the HCL  
18 Burner and thereby establish the Debtor's Chlor-Alkali Facility as a Completed Chlor-Alkali  
19 Facility, suitable to be marketed and sold. The Reorganized Debtor shall thereafter take all  
20 steps reasonably necessary to market and sell the Completed Chlor-Alkali Facility at such  
21 time and on such terms as the Reorganized Debtor shall in its sole discretion determine,  
22 provided that such sale shall occur no later than the third anniversary of the Effective Date,  
23 unless waived or extended by the Class 1 Holders.  
24

25 **h. Exemption from Transfer Taxes and Certain Recording Fees.**

26 Pursuant to section 1146(a) of the Bankruptcy Code, any transfers from Debtor to

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1 Reorganized Debtor or to any other Person, including the Senior Prepetition Secured Lenders  
2 or their designee, or any other entity pursuant to this Plan, or any agreement regarding the  
3 transfer of title to or ownership of any of the Debtor's real or personal property or issuance of  
4 equity securities or other interests will not be subject to any stamp tax or similar tax, and the  
5 transfer or conveyance of any real property interests pursuant to the terms of the Plan,  
6 whether directly or through a change in control of the Debtor, shall not be subject to any real  
7 estate transfer or excise tax. With respect to exemption from any real estate transfer or  
8 excise tax, the Debtor shall comply with the requirements set forth in Washington  
9 Administrative Code section 458-61A-207(2).  
10

11                   i.       *Expedited Tax Determination.* The Debtor and the  
12 Reorganized Debtor are authorized to request an expedited determination of taxes under  
13 section 505(b) of the Bankruptcy Code for any or all returns filed for, or on behalf of, the  
14 Debtor for any and all taxable periods (or portions thereof) ending after the Petition Date  
15 through, and including, the Effective Date. The Debtor and the Reorganized Debtor are  
16 further authorized to pursue the Cowlitz County Tax Appeal.  
17

18                   j.       *Further Authorization.* The Debtor and Reorganized Debtor  
19 shall be entitled to seek such orders, judgments, injunctions and rulings as they deem  
20 necessary to carry out the intentions and purposes, and to give full effect to the provisions of  
21 the Plan. The Reorganized Debtor shall have standing to bring any action or to appear before  
22 the court in this case as the representative of the Estate and the Debtor, including but not  
23 limited to, the Claims Objections, the C&C Claim Objection, the Cowlitz County Tax  
24 Appeal, and any and all Causes of Action, and the benefits and recoveries from such Claims  
25 Objections, Cowlitz County Tax Appeal and the Causes of Action, if any, shall inure to the  
26 benefit of the Reorganized Debtor and its creditors.

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1           6.     Nonvoting Securities. The Plan does not contain any provisions in  
2     contravention of section 1123(a)(6).

3           7.     Identification of Management of Reorganized Debtor (11 U.S.C.  
4     § 1123(a)(7)). Pursuant to section 1129(a)(5) of the Bankruptcy Code, the Plan Proponent  
5     has disclosed the identities of the directors and officers of the Reorganized Debtor and the  
6     nature of any compensation to be paid to such persons. The provisions of the Plan for the  
7     selection of the officers and directors are consistent with the interests of creditors and with  
8     public policy, thereby satisfying section 1123(a)(7) of the Bankruptcy Code. As disclosed in  
9     the Declaration of Clayton Pace, the current management team of the Debtor will continue to  
10    serve as the management team of the Reorganized Debtor. Accordingly, the management  
11    team of the Reorganized Debtor will consist of insiders, as this term is defined in the  
12    Bankruptcy Code.

13           8.     Future Income (11 U.S.C. § 1123 (a)(8)). The Debtor is a limited  
14    liability company. Accordingly, section 1123(a)(8) of the Bankruptcy Code is not implicated  
15    by the Plan.

16           9.     Compliance with Sections 1123(b), (c) and (d) of the Bankruptcy  
17    Code. The Plan contains other permissive provisions that are consistent with the applicable  
18    provisions of the Bankruptcy Code and, thus, the Plan satisfies the requirements of  
19    section 1123(b) of the Bankruptcy Code. Because the Debtor and the Reorganized Debtor  
20    are not individuals, the requirements of section 1123(c) are inapplicable. The Plan is  
21    compliant with the requirements of section 1123(d).

22           10.    Compliance with Bankruptcy Rule 3016. The Plan is dated and  
23    identifies the entities submitting it, thereby satisfying Bankruptcy Rule 3016(a). The filing  
24    of the Disclosure Statement with the Clerk of the Court satisfies Bankruptcy Rule 3016(b).  
25    Other than conduct otherwise enjoined by the Bankruptcy Code, the Plan describes in  
26

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1 specific and conspicuous language all acts to be enjoined and identifies the entities that  
2 would be subject to any such injunction, thereby satisfying Bankruptcy Rule 3016(c).

3 11. Compliance with Bankruptcy Rule 3017. The Plan Proponent has  
4 given notice of the Confirmation Hearing as required by Bankruptcy Rule 3017(d) or as is  
5 otherwise required. The transmittal and service of the Disclosure Statement, Plan and Ballots  
6 were (i) in compliance with the Bankruptcy Code and the Bankruptcy Rules and (ii) adequate  
7 and sufficient under the Bankruptcy Rules and the circumstances surrounding this  
8 Bankruptcy Case.

9 12. Compliance with Bankruptcy Rule 3018. The solicitation of votes to  
10 accept or reject the Plan solely from Holders of Allowed Claims in Classes entitled to vote to  
11 accept or reject the Plan satisfies Bankruptcy Rule 3018. Votes to accept and reject the Plan  
12 have been solicited and tabulated fairly, in good faith, and in a manner consistent with the  
13 Bankruptcy Code and the Bankruptcy Rules.

14 13. Compliance with Bankruptcy Rule 9019. The settlements and  
15 compromises embodied in the Plan satisfy the requirements of Bankruptcy Rule 9019.

16 I. Plan Proponent Compliance with the Applicable Provisions of the Bankruptcy  
17 Code (11 U.S.C. § 1129(a)(2)). The Plan Proponent has complied with the applicable  
18 provisions of the Bankruptcy Code, including, without limitation, sections 1125 and 1126 of  
19 the Bankruptcy Code, thereby satisfying section 1129(a)(2) of the Bankruptcy Code.  
20 Specifically:

21 1. the Debtor is a proper debtor under section 109 of the Bankruptcy  
22 Code and the Plan Proponent is a proper proponent of the Plan under section 1121(a) of the  
23 Bankruptcy Code;

24 2. the Debtor, as Plan Proponent, has complied with applicable  
25 provisions of the Bankruptcy Code, except as otherwise provided or permitted by orders of  
26 the Court; and

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1           3.     the Debtor, as Plan Proponent, has complied with the applicable  
2 provisions of the Bankruptcy Code, including sections 1125 and 1126(b) and the Bankruptcy  
3 Rules in transmitting the Disclosure Statement, Plan and Ballots and in soliciting and  
4 tabulating votes on the Plan.

5           J.     Plan Proposed in Good Faith (11 U.S.C. § 1129(a)(3)). The Plan Proponent  
6 has proposed the Plan in good faith and not by any means forbidden by law. Consistent with  
7 the overriding purpose of chapter 11 of the Bankruptcy Code, the Plan is designed to allow  
8 the Debtor to reorganize by a merging of all of the assets and liabilities of Equa-Chlor  
9 Marketing, LLC ("ECM") into EC. The intercompany claims between EC and ECM will be  
10 eliminated. On the Effective Date, as defined in Section 1.61 of the Plan, substantially all of  
11 the Assets of EC and ECM (including the Chlor-Alkali Plant and the assumed contracts  
12 and/or leases, permits, licenses, Causes of Action) as well as certain of their liabilities (i.e.  
13 the "Assumed Liabilities") will be contributed free and clear of liens, encumbrances and  
14 other interests to the Reorganized Debtor – a newly formed Delaware corporation, Equa-  
15 Chlor, Inc. – in consideration of the shares of the Reorganized Debtor (to be distributed in  
16 accordance with the Plan), the Assumed Liabilities, and certain other consideration.

17           The Plan has been proposed by the Debtor in good faith, with the honest intent to  
18 implement an orderly reorganization strategy that will enable payment to creditors of the  
19 Debtor's bankruptcy estate (the "Estate"), provide for the funding of Plan payments and will  
20 support the future operations of the Reorganized Debtor. The Plan establishes the Debtor's  
21 Chlor-Alkali Facility as a Completed Chlor-Alkali Facility, suitable to be marketed and sold,  
22 and enables the Reorganized Debtor to operate as a profitable enterprise.

23           The Plan preserves the continued operations of Debtor's Chlor-Alkali Facility,  
24 numerous jobs, ongoing customer relationships, and enables the Reorganized Debtor to  
25 remain a member of the local business communities throughout the State of Washington and  
26 a contributing taxpayer. Further, the Plan is a product of arms-length negotiations among the

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1 Debtor and the Committee, as well as the Debtor's primary secured lender, the Prudential  
2 Insurance Company of America ("Prudential"). The Plan reflects these negotiations, and is  
3 reflective of the interests of all of the Estate's constituencies. The totality of the  
4 circumstances surrounding the filing of the Plan show that the Plan will achieve a result  
5 consistent with the objectives and purposes of the Bankruptcy Code. Furthermore, the  
6 confirmation of the Plan is not likely to be followed by the liquidation or further financial  
7 reorganization except as otherwise provided in the Plan.

8 Accordingly, the Plan Proponent has satisfied section 1129(a)(3) of the Bankruptcy  
9 Code.

10 K. Payments for Services or Costs and Expenses (11 U.S.C. § 1129(a)(4)). Any  
11 payments made or to be made by the Debtor or by a person issuing securities or acquiring  
12 property under the Plan, for services or for costs and expenses through the Effective Date in  
13 or in connection with the Bankruptcy Case, or in connection with the Plan and incident to the  
14 Bankruptcy Case, have, to the extent required by the Bankruptcy Code, the Bankruptcy  
15 Rules, or the various orders of this Court, been approved by, or are subject to the approval of  
16 this Court as reasonable, thereby satisfying section 1129(a)(4) of the Bankruptcy Code.

17 L. Disclosure of Identity of Officers and Directors (11 U.S.C. § 1129(a)(5)). The  
18 Plan Proponent has disclosed the identity and affiliations of the officers and directors  
19 prepared to serve, after entry of this Confirmation Order, as the management team of the  
20 Reorganized Debtor. In addition, the Plan Proponent disclosed that the management team  
21 will consist of insiders, as defined in the Bankruptcy Code, and revealed the nature of  
22 compensation of the management team of the Reorganized Debtor. Continued management  
23 by this management is consistent with the interests of all creditors and other parties in  
24 interest. Accordingly, the Plan satisfies section 1129(a)(5) of the Bankruptcy Code.

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1 M. No Rate Changes (11 U.S.C. § 1129(a)(6)). The Plan does not provide for any  
2 change in rates subject to governmental regulation. Thus, section 1129(a)(6) of the  
3 Bankruptcy Code is not applicable in this Bankruptcy Case.

4 N. Best Interests of Creditors Test (11 U.S.C. § 1129(a)(7)). The Plan satisfies  
5 section 1129(a)(7) of the Bankruptcy Code. With respect to each Class of Impaired Claims  
6 and Interests in the Debtor, each Holder of a Claim or Interest of such Class either (i) has  
7 accepted the Plan or (ii) will receive or retain under the Plan, on account of such Claim or  
8 Interest, property of a value, as of the Effective Date of the Plan, that is not less than the  
9 amount that it would have received if the Debtor were liquidated under chapter 7 of the  
10 Bankruptcy Code. The liquidation analysis attached as Exhibit E to the Disclosure  
11 Statement, including the methodology used and estimation and assumptions made therein,  
12 and the evidence related thereto that was presented, proffered or adduced at the Confirmation  
13 Hearing (i) are persuasive and credible as of the dates such evidence was prepared, presented  
14 or proffered, (ii) have not been successfully challenged or controverted by other evidence,  
15 (iii) are based upon reasonable and sound assumptions, and (iv) provide a reasonable  
16 estimate of the liquidation value of the Debtor's estate upon conversion to chapter 7  
17 proceedings.

18 O. Acceptance or Rejection by Certain Classes (11 U.S.C. § 1129(a)(8)). As set  
19 forth in the Ballot Summary, the percentages of Holders of Claims in Classes entitled to vote  
20 on the Plan that voted to accept or reject the Plan are as follows:

21 One hundred percent of creditors in Classes 1 and 2 voted to accept the Plan. In Class  
22 7, the acceptance rate was over ninety-three percent in number of creditors and ninety-nine  
23 percent in dollar amount. Class 5, consisting of the Berman claim, has rejected the Plan but  
24 based on the amendments provided for in this Order the objection is rendered moot by the  
25 sale of the collateral securing the Class 5 claim. Holders of interests in Classes 3, 4, 8 and 9  
26

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1 are not entitled to vote on the Plan. With respect to each voting Class, the Plan satisfies the  
2 requirements of Section 1129(a)(8) of the Bankruptcy Code.

3 P. Treatment of Administrative Expense Claims and Priority Tax Claims (11  
4 U.S.C. § 1129(a)(9)). The Plan satisfied the requirements of section 1129(a)(9) because  
5 pursuant to section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims and  
6 Priority Tax Claims against the Debtor are not classified for purposes of voting on, or  
7 receiving Distributions under, this Plan. Claims of the DIP Lenders under the DIP Loan are  
8 also not classified for purposes of voting on, or receiving Distributions under, this Plan.  
9 Holders of such Claims are not entitled to vote on this Plan. All such Claims are instead  
10 treated separately in accordance with Article IV of the Plan and in accordance with the  
11 requirements set forth in section 1129(a)(9)(A) of the Bankruptcy Code.

12 Q. Acceptance of at Least One Impaired Class (11 U.S.C. § 1129(a)(10)). As set  
13 forth in the Ballot Summary, the Plan has been accepted by Classes 1, 2 and 7, and, therefore,  
14 has been accepted by at least one Class of Claims that is Impaired under the Plan (which  
15 acceptance has been determined without including any acceptance of the Plan by any  
16 Insider). Therefore, the Plan satisfies section 1129(a)(10) of the Bankruptcy Code.

17 R. Feasibility (11 U.S.C. § 1129(a)(11)). The Plan satisfies section 1129(a)(11)  
18 of the Bankruptcy Code. The evidence presented, proffered, or adduced at the Confirmation  
19 Hearing, including, without limitation, projections attached as Exhibit B to the Disclosure  
20 Statement (i) was persuasive and credible; (ii) has not been controverted by other evidence or  
21 challenged by the Objection to the Plan; and (iii) establishes that the Plan is feasible and the  
22 confirmation of the Plan is not likely to be followed by the liquidation or the need for further  
23 financial reorganization of the Debtor and its Estate. The Plan satisfies section 1129(a)(11)  
24 of the Bankruptcy Code.

25 S. Payment of Certain Fees (11 U.S.C. § 1129(a)(12)). Section 1129(a)(12) of  
26 the Bankruptcy Code requires the payment of all fees payable under 28 U.S.C. § 1930.

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1 Section 10.8(b) of the Plan provides that the Debtor and/or Reorganized Debtor shall file all  
2 reports and pay all fees required by the Bankruptcy Code, Bankruptcy Rules, U.S. Trustee  
3 guidelines, and the rules and orders of the Court. Accordingly, the Plan satisfies the  
4 requirements of section 1129(a)(12) of the Bankruptcy Code.

5 T. Continuation of Retiree Benefits (11 U.S.C. § 1129(a)(13)).  
6 Section 1129(a)(13) of the Bankruptcy Code is satisfied. No retiree benefits exist that are  
7 required to be maintained.

8 U. Domestic Support Obligation (11 U.S.C. § 1129(a)(14)). The Debtor is not  
9 required to pay any "domestic support obligation," therefore Section 1129(a)(14) does not  
10 apply.

11 V. Debtor is Not an Individual (11 U.S.C. § 1129(a)(15)). The Debtor is not an  
12 individual, therefore Section 1129(a)(15) does not apply.

13 W. Debtor is a For-Profit Commercial Corporation (11 U.S.C. § 1129(a)(16)).  
14 The Debtor is a for-profit commercial corporation, therefore Section 1129(a)(16) does not  
15 apply.

16 X. Satisfaction of Confirmation Requirements. For all the above reasons, the  
17 Plan satisfies all the requirements for confirmation set forth in section 1129(a) of the  
18 Bankruptcy Code.

19 Y. No Other Plan (Section 1129(c)). Other than the Plan, no reorganization plan  
20 has been filed with respect to the Debtor's chapter 11 Case. Therefore, the requirements of  
21 section 1129(c) of the Bankruptcy Code have been satisfied.

22 Z. Principal Purpose (11 U.S.C. § 1129(d)). The principal purpose of the Plan is  
23 neither the avoidance of taxes nor the avoidance of section 5 of the Securities Act, and no  
24 governmental unit has objected to the confirmation of the Plan on any such grounds. The  
25 Plan, therefore, satisfies the requirements of section 1129(d) of the Bankruptcy Code.  
26

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1       AA. Releases, Injunctions and Exculpations. The releases, injunctions and  
2       exculpations set forth in the Plan, and implemented by this Confirmation Order, (a) are  
3       within the jurisdiction of this Court under 28 U.S.C. § 1334; (b) are each an essential means  
4       of implementing the Plan pursuant to section 1123(a)(5) of the Bankruptcy Code; (c) are  
5       integral elements of the settlements and compromises incorporated in the Plan and are  
6       necessary to the proposed reorganization of the Debtor and the successful administration of  
7       its Estate; (d) confer material benefits on, and thus are in the best interests of, the Debtor, the  
8       Debtor's Estate, the Debtor's creditors, and other parties in interest; and (e) are, under the  
9       facts and circumstances of the Bankruptcy Case, consistent with and permitted pursuant to  
10      sections 105, 524, 1123, 1129 and all other applicable provisions of the Bankruptcy Code.  
11      Further, reasonable, adequate, and sufficient notice of and opportunity to be heard with  
12      respect to such releases, injunctions and exculpations has been provided under the  
13      circumstances and such notice and opportunity has complied with all provisions of the  
14      Bankruptcy Code, Bankruptcy Rules, and all other applicable rules and law, including  
15      without limitation, Bankruptcy Rules 2002(c)(3), 3016(c), 3017(f), and 3020.

16      BB. Exemption from Transfer Taxes. All transfers and issuances by the Debtor  
17      are transfers under the Plan that are not subject to the imposition of taxes of the kind  
18      specified in section 1146(a) of the Bankruptcy Code.

19      CC. Modifications to the Plan. The modifications, including those set forth in this  
20      Order, to the Plan (the "Modifications") do not materially or adversely affect or change the  
21      treatment of any Claims against or Interests in the Debtor. Accordingly, pursuant to  
22      Rule 3019 of the Bankruptcy Rules, these Modifications and amendments, if any, do not  
23      require additional disclosure or solicitation under section 1126 of the Bankruptcy Code. The  
24      Plan, as modified by the Modifications, shall be the Plan confirmed hereby.

25      DD. Good Faith Solicitation. Based upon the record before the Court, the Plan  
26      Proponent and its counsel have formulated and filed the Plan, obtained approval of the

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1 Disclosure Statement, and solicited votes on the Plan all in good faith and in compliance with  
2 the applicable provisions of the Bankruptcy Code and are entitled to the protections afforded  
3 by section 1125(e) of the Bankruptcy Code and the exculpatory, injunctive, and release  
4 provisions set forth in the Plan.

5 EE. Assumed Executory Contracts and Unexpired Leases. The Plan satisfies all  
6 requirements for the assumption of Executory Contracts and Unexpired Leases contained in  
7 the Bankruptcy Code, including, without limitation, the requirement to cure all outstanding  
8 defaults, if any, and to provide adequate assurance of such contracts and leases.

9 FF. Retention of Jurisdiction. Pursuant to sections 105(a) and 1142 of the  
10 Bankruptcy Code, and notwithstanding the entry of this Confirmation Order or the  
11 occurrence of the Effective Date, this Court, except as otherwise provided in the Plan or  
12 herein, shall retain exclusive jurisdiction over all matters arising out of, and related to, the  
13 Bankruptcy Case and the Plan to the fullest extent permitted by law and shall also have  
14 jurisdiction over the matters set forth in Article XII of the Plan.

15 **NOW, THEREFORE, IT IS HEREBY ORDERED THAT:**

16 1. Confirmation. For the reasons set forth herein, the Plan shall be, and hereby  
17 is, confirmed, having met the requirements of section 1129 of the Bankruptcy Code. Any  
18 and all objections, to the Plan not previously withdrawn are hereby overruled in their  
19 entirety. The terms of the Plan are incorporated herein and are an integral part of this  
20 Confirmation Order. Any reference to the Plan contained herein shall be deemed to include  
21 the Plan Supplement and the Modifications, if any.

22 2. Provisions of Plan and Confirmation Order Nonseverable and Mutually  
23 Dependent. The provisions of the Plan as confirmed by this Confirmation Order, including  
24 the findings of fact and conclusions of law set forth herein, are nonseverable and mutually  
25 dependent.  
26

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1           3.     Plan Classification Controlling. The classification of Claims and Interests for  
2 purposes of Distributions provided for under the Plan shall be governed solely by the terms  
3 of the Plan. The classifications and amounts of Claims, if any, set forth in the Ballots  
4 tendered or returned by the Debtor's creditors in connection with voting on the Plan (a) were  
5 set forth on the Ballots solely for purposes of voting to accept or reject the Plan, (b) do not  
6 necessarily represent, and in no event shall be deemed to modify or otherwise affect, the  
7 actual classification of such Claims under the Plan for Distribution purposes, and (c) shall not  
8 be binding on the Debtor, its Estate, or the Reorganized Debtor, except with respect to voting  
9 on the Plan.

10           4.     Documentation. The Debtor and the Reorganized Debtor are authorized to  
11 execute all documents contemplated by the Plan and to take all steps deemed necessary by  
12 the Debtor or the Reorganized Debtor to consummate the transactions contemplated thereby.

13           5.     Binding Effect. Pursuant to section 1141 of the Bankruptcy Code, this  
14 Confirmation Order and the Plan, including all agreements, instruments and other documents  
15 filed in connection with the Plan and executed by the Plan Proponent in connection with the  
16 Plan, shall be legally binding upon, and inure to the benefit of, the Debtor and its Estate, the  
17 Reorganized Debtor, the Committee, the Holders of Claims, the Holders of Interests, the  
18 Senior Prepetition Secured Lenders, and all other parties in interest in the Bankruptcy Case,  
19 and their respective successors and assigns, whether or not such Holders are Impaired and  
20 whether or not such Holders have accepted the Plan. All agreements, instruments and other  
21 documents filed in connection with the Plan (as they may be amended or modified pursuant  
22 to the terms of the Plan) shall have full force and effect and shall bind all parties thereto.

23           6.     Substantive Consolidation and Transfer of Assets Approved. On the Effective  
24 Date, the EC/ECM Substantive Consolidation shall be deemed to have occurred such that all  
25 Assets of ECM shall be deemed fully consolidated with the Assets of the Debtor, and all the  
26 liabilities of ECM shall be deemed fully consolidated with the liabilities of the Debtor.

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1 ECM's Assets shall be deemed owned by the Debtor, and the Holders of Claims constituting  
2 liabilities of ECM shall be deemed the Holders of Claims against the Debtor. Such  
3 Substantive Consolidation shall relate back to, and be effective as of, the Petition Date.  
4 Avoidance Actions of ECM shall be waived as of the Effective Date.

5 7. Authorization to Take Acts Necessary to Implement Plan. Pursuant to  
6 section 1142(b) and any comparable provision of the business corporation laws of any other  
7 state or province, the Debtor is authorized and empowered to take such actions and to  
8 perform such acts as may be necessary, desirable, or appropriate to comply with or  
9 implement the Plan and any matters under the Plan, and all documents, instruments, and  
10 agreements related thereto, and the obligations thereunder shall constitute legal, valid,  
11 binding, and authorized obligations of each of the respective parties thereto, enforceable in  
12 accordance with their terms without the need for any member's approval. The Debtor is  
13 authorized and empowered to take such actions, to perform all acts, to make, execute, file,  
14 and deliver all instruments and documents, and to pay all fees and expenses as set forth in the  
15 documents relating to the Plan, and that may be required or necessary for its performance  
16 there under without the need for any member's approval. On the Effective Date, any of the  
17 Reorganized Debtor, officers and directors, either individually or jointly with any of the  
18 others, are authorized on behalf of the Debtor to execute and deliver such instruments,  
19 agreements, certifications, unit certificates and other documents as may be called for by the  
20 Transaction Documents. The Reorganized Debtor is authorized to take any such actions  
21 without further corporate action or action of the members of the Debtor.

22 8. Injunctions and the Automatic Stay Remain in Effect Until the Effective Date.  
23 Except as to relief from the automatic stay previously granted by this Court's orders, all  
24 injunctions or stays, whether by operation of law or by order of the Court, provided for in the  
25 Bankruptcy Case pursuant to sections 105 or 362 of the Bankruptcy Code or otherwise are  
26 replaced by the discharge injunction granted by Section 1141 of the Bankruptcy Code.

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1 Nothing herein shall bar the taking of such other actions as are necessary to effectuate the  
2 transactions specifically contemplated by the Plan or this Confirmation Order.

3 9. Provisions Regarding Distributions. The provisions contained in Article VIII  
4 of the Plan, including without limitation, the provisions governing Distributions, are found to  
5 be reasonable and are hereby approved. Distributions shall take place as follows:

6 a. *Distributions Generally.* The Reorganized Debtor shall make  
7 Distributions pursuant to this Plan.

8 b. *Distributions of Cash.* Any Distribution of cash made pursuant to this  
9 Plan shall be made by check drawn on a domestic bank or by wire transfer from a  
10 domestic bank.

11 c. *No Interest, Attorneys' Fees and Costs Recoverable On Claims Or*  
12 *Interests.* Unless otherwise specifically provided for in the Plan, the Confirmation  
13 Order, or an order of the Court, postpetition interest shall not accrue or be paid on  
14 Claims, and no Holder shall be entitled to attorneys' fees and costs or interest  
15 accruing on or after the Petition Date on any Claim except for Allowed Secured  
16 Claims as authorized pursuant to Section 506(b) of the Bankruptcy Code.  
17 Additionally, and without limiting the foregoing, interest shall not accrue or be paid  
18 on any Disputed Claim in respect of the period from the Effective Date to the date a  
19 Distribution is made when and if such Disputed Claim becomes an Allowed Claim.

20 d. *Delivery of Distributions.* Distributions to a Holder of an Allowed  
21 Claim shall be made (a) at the address set forth on the proof of claim filed by such  
22 Holder, (b) at the address set forth in any written notices of address change delivered  
23 to the Debtor or Reorganized Debtor after the date of any related proof of claim, (c) at  
24  
25  
26

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1 the addresses reflected in the Schedules if no proof of claim has been filed and the  
2 Debtor and/or the Reorganized Debtor has not received a written notice of a change  
3 of address, or (d) if the Holder's address is not listed in the Schedules, at the last  
4 known address of such Holder according to the Debtor's books and records. If any  
5 Holder's Distribution is returned as undeliverable, no further Distributions to such  
6 Holder shall be made unless and until the Debtor and/or the Reorganized Debtor is  
7 notified of such Holder's then-current address, at which time all missed Distributions  
8 shall be made to such Holder without interest. All Distributions returned to and not  
9 claimed within six (6) months of return shall be irrevocably retained by the Debtor  
10 and the Reorganized Debtor notwithstanding any federal or state escheat laws to the  
11 contrary. Upon such reversion, the claim of any Holder or their successors with  
12 respect to such property shall be discharged and forever barred notwithstanding any  
13 federal or state escheat laws to the contrary.  
14  
15

16 e. *Distributions To Holders As Of The Record Date.* All Distributions on  
17 Allowed Claims shall be made to the Record Holders of such Claims. As of the close  
18 of business on the Record Date, the Claims register maintained by the Bankruptcy  
19 Court shall be closed, and there shall be no further changes in the Record Holder of  
20 any Claim. The Record Date shall be established in the Disclosure Statement  
21 Approval Order or other order entered by the Bankruptcy Court. No transfer of any  
22 Claim occurring after the Record Date shall be effective. Instead, the Record Holders  
23 as of the Record Date shall be recognized and treated as the legal owner of any  
24 Claim.  
25  
26

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1           f.       *De Minimus Distributions.* There shall be no obligation to make a  
2       Distribution if the amount to be distributed to the specific Holder of the Allowed  
3       Claim is or has a value less than fifty dollars (\$50.00).

4           g.       *Fractional Dollars.* Whenever any payment of a fraction of a dollar  
5       under this Plan would otherwise be called for, the actual payment shall reflect a  
6       rounding of such fraction to the nearest whole dollar (up or down), with half dollars  
7       or less being rounded down.

9       10.    Exemption from Certain Transfer Taxes and Recording Fees. Pursuant to  
10   section 1146(a) of the Bankruptcy Code, the transfers provided under the Plan shall not be  
11   subject to any stamp, real estate transfer, mortgage recording, sales, or other similar tax,  
12   irrespective of whether the underlying property is owned by the Debtor, Reorganized Debtor,  
13   or a third party. All transactions specifically provided for by the Plan, or consummated by  
14   the Debtor on or after the Effective Date and approved by the Court, including, without  
15   limitation: (i) the sale by the Debtor and Reorganized Debtor of property or assets pursuant  
16   to section 363(b) of the Bankruptcy Code; (ii) the assumptions, assignments, and sales by the  
17   Debtor of unexpired leases of non-residential real property pursuant to section 365(a) of the  
18   Bankruptcy Code; (iii) the issuance of membership interests in the Reorganized Debtor; and  
19   (iv) settlements pursuant to Bankruptcy Rule 9019(a), shall be deemed to have been made  
20   under, in furtherance of, or in connection with the Plan and, therefore, shall not be subject to  
21   any stamp, real estate transfer, mortgage recording, sales, or other similar tax.

22       The appropriate state and local governmental entities, officials, and agents  
23   responsible for the collection of any such taxes or governmental assessments are hereby  
24   ordered to forego the collection of the said taxes and assessments, and to accept for filing and  
25   recordation any of the foregoing instruments or other documents without the payment of any  
26

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1 such tax or governmental assessment. This Court retains jurisdiction to enforce the foregoing  
2 authorization.

3 11. Expedited Tax Determination. The Debtor and the Reorganized Debtor are  
4 authorized to request an expedited determination of taxes under section 505(b) of the  
5 Bankruptcy Code for any or all returns filed for, or on behalf of, the Debtor for any and all  
6 taxable periods (or portions thereof) ending after the Petition Date through and including the  
7 Effective Date. The Debtor and the Reorganized Debtor are further authorized to pursue the  
8 Cowlitz County Tax Appeal.

9 12. Cancellation of Existing Membership Interests. Except as set forth in the  
10 Plan, upon the Effective Date, the existing Membership Interests shall be cancelled and the  
11 holders thereof shall have no further rights or entitlements in respect thereof against the  
12 Debtor. As set forth in section 13.4 of the Plan, the Debtor's members are subject to the  
13 jurisdiction of this Court pursuant to 26 U.S.C. § 108(d)(2) and are entitled to the 26 U.S.C.  
14 § 108(a)(1) and (d)(6) exclusion from gross income of any and all discharge of indebtedness  
15 income that may arise from the Plan.

16 13. Payment of Professional Fees. Upon the Effective Date, any requirement that  
17 professionals comply with sections 327 through 331 of the Bankruptcy Code in seeking  
18 retention or compensation for services rendered after such date will terminate, and the Debtor  
19 and Reorganized Debtor will employ and pay professionals in the ordinary course of  
20 business.

21 14. Continued Existence: Revesting of Estate Assets. Except as otherwise  
22 provided in the Plan, the Estate will continue to exist after the Effective Date separate from  
23 the Reorganized Debtor. As set forth in Section 10.1 of the Plan, the Assets shall vest in the  
24 Reorganized Debtor, free and clear of all Claims, Liens, charges, encumbrances, rights and  
25 Interests of creditors and interest holders, except such Claims, Liens, charges, rights and  
26

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1 Interests which the Debtor is required to grant or continue pursuant to the provisions of the  
2 Plan. All other assets shall remain in the Estate.

3 15. Procedures for Resolving Disputed Claims and Unresolved Claims. The  
4 provisions contained in Article IX of the Plan, including without limitation, the provisions  
5 governing the procedures for resolving Disputed Claims, are found to be reasonable and are  
6 hereby approved.

7 16. Treatment of Executory Contracts and Unexpired Leases. The provisions  
8 governing the assumption and rejection of Executory Contracts or Unexpired Leases set forth  
9 in Section 5.1 of the Plan are hereby approved in their entirety. For each Executory Contract  
10 or Unexpired Lease assumed by the Debtor, the Debtor will pay the Cure Amount as set forth  
11 on Schedule 5.1 by the Effective Date, or if the Cure Amount has not been determined on the  
12 Effective Date, within thirty (30) days after the Cure Amount has been determined by a Final  
13 Order of the Bankruptcy Court. Entry of this Order constitutes approval, as of the Effective  
14 Date, of the assumption of the Assumed Contracts and/or Leases and the rejection of the  
15 Rejected Contracts and/or Leases pursuant to sections 365(a) and 1123 of the Bankruptcy  
16 Code.

17 17. Bar Date for Rejection Damages Claims. All proofs of claim with respect to  
18 Claims arising from the rejection pursuant to the Plan of the Rejected Contracts and/or  
19 Leases, if any, any and all of which are subject to the provisions of Bankruptcy Code  
20 § 502(b)(6), must be filed with the clerk of the Bankruptcy Court and served upon counsel  
21 for the Reorganized Debtor within thirty (30) days after the date of entry of the Confirmation  
22 Order. Notwithstanding the foregoing, if the Bankruptcy Court determines that the Cure  
23 Amount with respect to an Assumed Contract is greater than the amount listed by the Debtor  
24 on Schedule 5.1, the Debtor may elect to reject the Assumed Contract at issue, in which  
25 event, the non-Debtor party to such contract shall be required to file a proof of claim for any  
26 damages resulting from such rejection within thirty (30) days after the order authorizing such

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1 rejection. Any Claims arising from the rejection of Executory Contracts or Unexpired Leases  
2 that become Allowed Claims are classified and shall be treated as a Class 7, 8 and/or 9  
3 Claims, as applicable. Any Claims arising from the rejection of an Executory Contract or  
4 Unexpired Lease not filed within the time required by this paragraph 15 will be forever  
5 barred from assertion against the Debtor.

6 18. Mutual Releases. On the Effective Date, and to the greatest extent permissible  
7 by law, (i) the Debtor, on behalf of itself and its Estate, (ii) ECM, (iii) the Reorganized  
8 Debtor, (iv) the DIP Lenders, (v) the DIP Agent, (vi) the Prepetition Agent, (vii) the Senior  
9 Prepetition Secured Lenders, (viii) Parsons, and (ix) all of the Debtor's and ECM's  
10 respective officers, directors, employees, legal and financial advisors, and other  
11 representatives of the Debtor who served in such capacity on or subsequent to the Petition  
12 Date, in their capacity as such; (collectively clauses (i) through (ix) being the "Released  
13 Parties," and each a "Released Party"), shall be deemed to and hereby unconditionally and  
14 irrevocably release each other from any and all claims or Causes of Action, known or  
15 unknown, arising from or relating to, in any manner, in whole or in part, the operation of the  
16 business of the Debtor, the subject matter of, or the transaction or event giving rise to the  
17 claim or Cause of Action, the business or contractual arrangements between the Debtor and  
18 the holder of such claim or interest, or any act, omission, occurrence, or event in any manner  
19 related to such subject matter, transaction or obligation, or arising out of this chapter 11 case,  
20 including, but not limited to, the pursuit of confirmation of this Plan, the consummation  
21 thereof, the administration thereof, or the property to be distributed thereunder; provided, that  
22 the foregoing shall not operate as a waiver of or release from any claim, or any Causes of  
23 Action arising out of the willful misconduct, gross negligence, or fraud of such Released  
24 Party.

25 19. Release and Discharge of the Debtor and Reorganized Debtor. Pursuant to  
26 section 1141(d) of the Bankruptcy Code, except as otherwise specifically provided in this

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1 Plan or in the Confirmation Order, the Distributions and rights that are provided in this Plan  
2 shall be in complete satisfaction, discharge, and release of all Claims and Causes of Action,  
3 whether known or unknown, against, liabilities of, Liens on, obligations of, rights against,  
4 and Interests in the Debtor, the Reorganized Debtor or the Estate that arose prior to the  
5 Effective Date.

6 20. Setoffs. The Debtor and Reorganized Debtor may, but shall not be required  
7 to, set off against any Claim, and the payments or other Distributions to be made pursuant to  
8 the Plan in respect of such Claim, claims of any nature whatsoever that the Debtor may have  
9 against such Holder; but neither the failure to do so nor the allowance of any Claim  
10 hereunder shall constitute a waiver or release by the Debtor or Reorganized Debtor of any  
11 such claim that the Debtor and the Reorganized Debtor may have against such Holder.

12 21. Injunction. Except as otherwise expressly provided in the Plan or in the  
13 Confirmation Order, all Persons or entities, who have held, hold, or may hold Claims against  
14 or Interests in the Debtor are permanently enjoined, from and after the Effective Date, from:  
15 (i) commencing or continuing in any manner any action or other proceeding of any kind on  
16 any such Claim or Interest against the Debtor and/or the Reorganized Debtor on account of  
17 such Claims or Interests; (ii) the enforcement, attachment, collection, or recovery by any  
18 manner or means of any judgment, award, decree, or order against the Debtor and/or the  
19 Reorganized Debtor with respect to such Claim or Interest; (iii) creating, perfecting, or  
20 enforcing any encumbrance of any kind against the Debtor and/or the Reorganized Debtor or  
21 against the property or interests in property of the Debtor and/or the Reorganized Debtor with  
22 respect to such Claim or Interest; (iv) asserting any right of setoff, subrogation, or  
23 recoupment of any kind against any obligation owed to the Debtor and/or the Reorganized  
24 Debtor or against the property or interest in property of the Debtor and/or the Reorganized  
25 Debtor with respect to such Claim or Interest, except as provided for herein; and (v) pursuing  
26 any claim released pursuant to Section 10 of the Plan.

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1           22.   Post-Effective-Date Dissolution of the Committee. After the Effective Date,  
2 the Creditors' Committee shall remain in existence for the limited purpose of reviewing and  
3 monitoring the Initial Distribution. Thereafter, the Creditors' Committee shall dissolve  
4 automatically, whereupon its members, professionals, and agents shall be released from any  
5 further duties and responsibilities in the Bankruptcy Case and under the Bankruptcy Code,  
6 except for the limited purposes of filing applications for Professional Compensation in  
7 accordance with this Plan.

8           23.   Administrative Bar Date (Non-Professional Fees/Non-Ordinary Course Goods  
9 and Services). Except as otherwise provided in the Plan, any Person holding an  
10 Administrative Expense Claim, other than an Administrative Expense Claim (i) previously  
11 asserted in connection with the 503(b)(9) Procedures Order; (ii) arising from the operation by  
12 the Debtor of its business in the ordinary course of business; or (iii) held by the DIP Lenders  
13 for the balance owed on the DIP Facility; or (iv) Senior Prepetition Secured Lenders'  
14 Administrative Claim, shall file a proof of such Administrative Expense Claim with the clerk  
15 of the Bankruptcy Court within thirty (30) days after notice of the occurrence of the Effective  
16 Date is provided. At the same time, if any Person files an Administrative Expense Claim,  
17 such Person shall also serve a copy of the Administrative Expense Claim upon counsel for  
18 the Reorganized Debtor and counsel for the Creditors' Committee (if prior to the Effective  
19 Date). Any Person who fails to timely file and serve a proof of such Administrative Expense  
20 Claim shall be forever barred from seeking payment of such Administrative Expense Claim  
21 by the Debtor, the Estate, or the Reorganized Debtor.

22           24.   Administrative Bar Date (Professional Fees and Expenses). Other than the  
23 payment of fees and expenses provided for under the Final DIP Order, any Person seeking an  
24 award by the Bankruptcy Court of Professional Compensation shall file a final application  
25 with the Bankruptcy Court for allowance of Professional Compensation for services rendered  
26

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1 and reimbursement of expenses incurred through the Effective Date within forty-five (45)  
2 days after the Effective Date.

3       25.    Additional Modifications. Without the need of further order or authorization  
4 of this Court, but subject to the express provisions of this Confirmation Order, the Debtor  
5 may, with the consent of the Senior Prepetition Secured Lenders, modify this Plan pursuant  
6 to section 1127 of the Bankruptcy Code and as provided in the Plan, to the extent applicable  
7 law permits. Subject to the limitations contained herein, the Reorganized Debtor after  
8 confirmation, with the consent of the Senior Prepetition Secured Lenders (to the extent the  
9 proposed modification affects their interests) may modify this Plan in accordance with this  
10 paragraph, without notice or hearing, or after such notice and hearing as the Bankruptcy  
11 Court deems appropriate, if the Bankruptcy Court finds that the modification does not  
12 materially and adversely affect the rights of any parties in interest which have not had notice  
13 and an opportunity to be heard with regard thereto. To the extent there have been any  
14 modifications on or before confirmation, any votes to accept or reject this Plan shall be  
15 deemed to be votes to accept or reject the Plan as modified, unless the Bankruptcy Court  
16 finds that the modification materially and adversely affects the rights of parties in interest  
17 which have cast said votes.

18       26.    Effect of Reference to the Plan in this Confirmation Order. The failure to  
19 reference or discuss any particular provision of the Plan or any agreement, document, or  
20 instrument to be executed and delivered in connection with consummation of the Plan, in this  
21 Confirmation Order shall have no effect on the validity, binding effect, and enforceability of  
22 such provision, agreement, document, or instrument, and each provision of the Plan and each  
23 agreement, document, and instrument shall have the same validity, binding effect, and  
24 enforceability as if fully set forth in this Confirmation Order.

25       27.    Notice of Entry of Confirmation Order. The Plan Proponent shall serve notice  
26 of entry of this Confirmation Order upon all parties that received notice of the Confirmation

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1 Hearing. Service of the Confirmation Notice as provided herein shall constitute good and  
2 sufficient notice pursuant to Bankruptcy Rule 2002(f)(7), 2002(k), and 3020(c) of entry of  
3 this Confirmation Order and, except as provided herein, no other or further notice need be  
4 given.

5 28. Confirmation Order Controlling. If there is any direct conflict between the  
6 Plan and this Confirmation Order, the terms of this Confirmation Order shall control.

7 29. Applicable Non-Bankruptcy Law. Pursuant to sections 1123(a) and 1142(a)  
8 of the Bankruptcy Code, the provisions of this Confirmation Order, the Plan, and the Plan  
9 Documents or any amendments or modifications thereto shall apply and be enforceable  
10 notwithstanding any otherwise applicable non-bankruptcy law.

11 30. Substantial Consummation. Substantial consummation of the Plan shall be  
12 deemed to occur on the Effective Date.

13 31. Headings. Headings utilized herein are for convenience and reference only,  
14 and shall not constitute a part of the Plan or this Confirmation Order for any other purpose.

15 32. Inconsistencies. In the event of any inconsistencies between the Plan and the  
16 Disclosure Statement, any exhibit to the Plan or Disclosure Statement, or any other  
17 instrument or document created or executed pursuant to the Plan, the Plan shall govern.

18 33. Final Order/Bankruptcy Rule 3020(e) Stay. This Confirmation Order is a  
19 Final Order, there shall be no stay of this Order under Bankruptcy Rule 3020(e) or any other  
20 provision of the Bankruptcy Code or Bankruptcy Rules, and the period in which an appeal  
21 must be filed shall commence immediately upon the entry hereof in accordance with Federal  
22 Rule of Bankruptcy Procedure 3020(e).

23 34. Findings of Fact and Conclusions of Law. The findings of this Court set forth  
24 above and the conclusions of law stated herein shall constitute findings of fact and  
25 conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding by  
26

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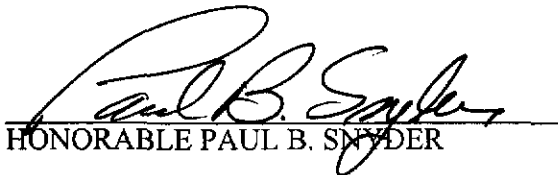
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1 Bankruptcy Rule 9014. To the extent any provision designated herein as a finding of fact is  
2 more properly characterized to be a conclusion of law, it shall be so deemed, and vice versa.

3 35. Reversal. If any of the provisions of this Order are hereafter reversed,  
4 modified or vacated by a subsequent order of the Bankruptcy Court or any other court, such  
5 reversal, modification or vacatur shall not affect the validity of the acts or obligations  
6 incurred or undertaken under, or in connection with, the Plan prior to receipt of written notice  
7 of such order by the Debtor. Notwithstanding any such reversal, modification or vacatur of  
8 this Order, any such act or obligation incurred or undertaken pursuant to, and in reliance on,  
9 this Order prior to the effective date of such reversal, modification or vacatur shall be  
10 governed in all respects by the provisions of this Order, the Plan, all documents relating to  
11 the Plan, and any amendments or modifications to any of the foregoing.

12 A copy of the confirmed Plan is attached.

13 DATED this 20 day of February 2009.

14  
15   
16 HONORABLE PAUL B. SNYDER

17 Presented by:

18 LANE POWELL PC

19  
20 By: /s/ Bruce W. Leaverton

21 Bruce W. Leaverton, WSBA No. 15329  
22 Attorneys for Equa-Chlor, LLC  
23  
24  
25  
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